

**PICKLE
CROW
GOLD
MINES
LIMITED**

T H I R T Y - F I R S T A N N U A L R E P O R T

1964

JUN 10 1965

PICKLE CROW GOLD MINES LIMITED

<i>directors</i>	SIR MICHAEL BUTLER, Bt., York Mills, Ontario N. B. KEEVIL, Port Credit, Ontario C. G. MACINTOSH, Toronto, Ontario * J. C. PERRY, Oakville, Ontario J. H. WESTELL, Islington, Ontario
<i>officers</i>	N. B. KEEVIL, President C. G. MACINTOSH, Vice-President * J. C. PERRY, Vice-President SIR MICHAEL BUTLER, Bt., Secretary D. S. BROWN, Treasurer * Deceased
<i>mine manager</i>	G. A. VARY
<i>head office</i>	Suite 1000, 11 Adelaide Street West, Toronto, Ontario
<i>mine office</i>	Pickle Crow, Ontario
<i>transfer agents and registrars</i>	CROWN TRUST COMPANY, Toronto, Ontario EASTERN & CHARTERED TRUST COMPANY, Montreal, P.Q. BANKERS TRUST COMPANY, New York, N.Y., U.S.A.
<i>auditors</i>	MCDONALD, CURRIE & Co., Toronto, Ontario
<i>annual meeting</i>	June 24, 1965, 10:30 a.m. (Eastern Daylight Saving Time) 11th Floor, Board of Trade Building 11 Adelaide Street West, Toronto, Ontario



Report of the Directors

To the Shareholders:

We present herewith the 31st annual report covering operations for the year ended December 31, 1964. Statements of earnings, financial position and mine development are given in detail in their respective reports.

The 1964 year has been one of further disappointment to your directors as, despite the many changes and improvements effected over the past two years, labour turnover and the continued shortage of mine workers reduced production tonnage well below an efficient level of operations and resulted in the company showing an operating loss for the first time in its 31-year history.

The problems of the Canadian gold mining industry have been recounted in detail, both in the company's previous annual reports and in those of most of the other gold producing companies. The continuing cost-price squeeze between the fixed price of gold, and rising costs and a shortage of good labour are well known to shareholders. In the past year the labour problem has become even more acute as the national economy has accelerated to new highs with booms in base metal mining and construction, with the result that gold mine workers have been attracted elsewhere by higher wage scales than gold mines can afford to pay.

In the case of the Pickle Crow mine, situated in a more remote area than most other gold mines, and not part of a multi-mine community such as Kirkland Lake, Timmins or Val d'Or, the manpower problems are particularly severe. Despite a nucleus of employees who have been with the company for many years, a 307% labour turnover was experienced in 1964. This was the major cause of the operating loss.

During the 1964 year 84,739 tons were milled, with production of \$1,037,432 and an operating loss of \$108,480. This compares with 100,491 tons and production of \$1,325,363 in 1963 when an operating profit of \$151,812 was made, and 111,781 tons and production of \$1,515,073 in 1962, with a \$319,094 operating profit. After write-offs for depreciation and deferred development expenditures, net loss for 1964 amounted to \$324,192 as against \$23,319 in 1963.

In the past three years the company's earnings and cash resources have been spent on the operation, to improve camp facilities and the efficiency of the manpower available and to maintain ore reserves by opening up six new levels. Approximately \$783,000 has been spent, of which shaft deepening and lateral work to open the six new levels required \$302,000 with a further \$223,000 for the equipment, including the new No. 4 hoist; other equipment



to increase efficiency and replace worn-out machines took \$184,000, and improvement and maintenance of camp buildings and facilities to make living conditions more attractive to employees cost \$74,000.

The encouraging result from this major expenditure was that the main asset of the mine — ore reserves — was well maintained. After providing 297,000 tons in mill feed over the three year period, estimated ore reserves were 333,300 tons with a grade of 0.329 oz. of gold per ton. While only limited development work was done away from the main block of new levels, three holes drilled on the No. 9 vein from 165' to 420' below the present 3800 bottom level cut good values indicating extension of this vein system to depth. At the annual meeting last June we had reported on three holes extending the No. 5 vein to 675' below the 3800 level. Therefore, the ore position of the Pickle Crow mine remains most favourable.

It has been the policy of the company in recent years to engage in a limited programme of outside exploration, primarily by small participations in joint ventures with other companies in the Keevil Mining Group. However, since last September all outside work and participations by Pickle Crow have been temporarily restricted in order to conserve cash resources for mining operations.

The main problem of the 1964 year — low production as a result of the labour shortage — has continued into the current year. However, during March an efficient labour force was finally built up to a satisfactory level. As a result mine operations in April were on a break-even basis and preliminary figures in May indicate an operating profit for only the second time in the past 20 months.

While it is encouraging to see this reversal of the trend, the problem of maintaining an adequate labour force still exists. Therefore, should there be a further deterioration in labour with resulting fall-off in production tonnage, your directors would have to give serious consideration to a shut-down in operations to conserve the company's valuable ore reserves until such times as economic conditions in the gold mining industry improve enough to allow the ore to be mined at a satisfactory profit level.

It is with deep regret that we report the death of our vice-president, Mr. J. C. Perry, on January 11, 1965. Mr. Perry had taken an active part in the operational affairs of the company since 1958 and was well known to the mine staff and community as a result of his regular visits to the property.

The directors wish to express their appreciation to the staff and regular employees for their efforts, loyalty and co-operation during this trying period in the company's history.

On behalf of the Board,

May 31, 1965

President

PICKLE CROW GOLD

(Incorporated under the laws of the Province of Ontario)

Balance Sheet as at December 31, 1964

ASSETS		
	1964	1963 (for comparison)
	\$	\$
CURRENT ASSETS:		
Cash and short term deposits	5,396	402,653
Bullion, at net realizable value	94,335	75,017
Accounts and interest receivable	41,551	6,549
Estimated amount receivable under the provisions of The Emergency Gold Mining Assistance Act	183,643	196,597
Marketable securities, at cost (quoted market value \$60,750) ..	49,875	49,875
Prepaid insurance	13,325	15,962
	<u>388,125</u>	<u>746,653</u>
MATERIALS AND SUPPLIES, at cost	<u>390,051</u>	<u>394,512</u>
INVESTMENTS:		
Securities deposited for power contract, at cost	25,000	25,000
Associated companies —		
Shares and debentures, at cost	56,193	56,174
Advances	30,000	30,000
Wholly-owned subsidiary (note 1) —		
Shares, at cost	10,862	10,862
Advances	1,062	543
	<u>123,117</u>	<u>122,579</u>
FIXED ASSETS:		
Buildings, plant and equipment, at cost	2,847,976	2,679,980
Accumulated depreciation	2,562,354	2,439,670
	<u>285,622</u>	<u>240,310</u>
Mining claims and properties, at cost	2,153,163	2,122,306
	<u>2,438,785</u>	<u>2,362,616</u>
DEFERRED EXPENDITURES:		
Shaft sinking and development, at cost less amounts written off ..	206,300	240,389
Outside exploration and development, at cost	209,930	209,930
	<u>416,230</u>	<u>450,319</u>
	<u>3,756,308</u>	<u>4,076,679</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Pickle Crow Gold Mines Limited as at December 31, 1964 and the statements of profit and loss and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of profit and loss and earned surplus present fairly the financial position of the company as at December 31, 1964 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
May 28, 1965

McDONALD, CURRIE & CO.
Chartered Accountants

MINES LIMITED

(Incorporated under the laws of Ontario)

December 31, 1964

LIABILITIES

	1964 \$	1963 (for comparison) \$
CURRENT LIABILITIES:		
Bank loan	100,000	—
Accrued wages	26,272	35,469
Accounts payable and accrued liabilities	153,181	172,840
Unclaimed dividends	11,000	11,000
Taxes payable	—	3,950
	<u>290,453</u>	<u>223,259</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 2) —

Authorized —

5,000,000 shares of \$1 each

Issued —

3,554,818 shares

Discount thereon — net

EARNED SURPLUS

3,554,818	3,554,818
489,450	489,450
<u>3,065,368</u>	<u>3,065,368</u>
400,487	788,052
<u>3,465,855</u>	<u>3,853,420</u>

Signed on behalf of the Board:

N. B. KEEVIL, Director.

C. G. MACINTOSH, Director.

The accompanying notes are an integral part of this statement and should be read in conjunction therewith.

<u>3,756,308</u>	<u>4,076,679</u>
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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1964

- The following information on the wholly-owned subsidiary whose assets and liabilities and revenue and expenditure are not included in these statements is given in accordance with section 89 of The Corporations Act:
 - Consolidated statements have not been prepared because the subsidiary company's operations are not similar.
 - The subsidiary company had a loss of \$2,126 for the year ended December 31, 1964.
 - The undistributed profits of the subsidiary company since acquisition which have not been taken into the accounts of Pickle Crow Gold Mines Limited amount to \$6,019.
- An additional 544 shares of the company's capital stock may be required to be issued in connection with a stock dividend declared in 1959.

PICKLE CROW GOLD MINES LIMITED

Statement of Profit and Loss For the Year Ended December 31, 1964

	1964 \$	1963 (for comparison) \$
BULLION PRODUCTION	<u>1,037,432</u>	<u>1,325,363</u>
OPERATING EXPENSES:		
Development	148,203	271,099
Mining	722,578	727,923
Milling	199,341	216,552
General mine expense	296,846	264,623
Administrative expense	58,890	48,013
	<u>1,425,858</u>	<u>1,528,210</u>
Estimated recovery under The Emergency Gold Mining Assistance Act	279,946	354,659
	<u>1,145,912</u>	<u>1,173,551</u>
OPERATING PROFIT (LOSS) FOR THE YEAR , before the following ..	<u>(108,480)</u>	<u>151,812</u>
Depreciation of buildings, plant and equipment	122,300	105,573
Amortization of shaft sinking and development costs	95,058	85,913
Surface exploration	4,520	110
Provincial mining tax	—	3,500
	<u>221,878</u>	<u>195,096</u>
	(330,358)	(43,284)
OTHER INCOME:		
Interest earned	6,166	19,965
NET LOSS FOR THE YEAR	<u><u>324,192</u></u>	<u><u>23,319</u></u>

Statement of Earned Surplus For the Year Ended December 31, 1964

	1964 \$	1963 (for comparison) \$
BALANCE AT BEGINNING OF YEAR	<u>788,052</u>	<u>836,583</u>
Less: Net loss for the year	324,192	23,319
Stock dividend declared in 1959	—	12
Examination and exploration of new properties	63,373	25,200
	<u>387,565</u>	<u>48,531</u>
BALANCE AT END OF YEAR	<u><u>400,487</u></u>	<u><u>788,052</u></u>

The accompanying notes are an integral part of this statement and should be read in conjunction therewith.

PICKLE CROW GOLD MINES LIMITED

Report on Operations

PRODUCTION

Tonnage milled totalled 84,739 tons and bullion production amounted to \$1,037,432; 27,440.98 fine ounces of gold and 2,274.41 fine ounces of silver were produced. The average value of recovery was \$12.23 per ton milled. A comparison of milling results for the past two years is as follows:

	<u>1964</u>	<u>1963</u>
Tons milled	84,739	100,491
Ounces of gold recovered	27,440.98	34,983
Ounces of silver recovered	2,274.41	3,389
Ounces of gold recovered per ton	0.3238	0.3481
Percentage recovery	98.40%	98.82%

OPERATING COSTS

Total operating costs amounted to \$1,425,858. This figure was reduced by \$279,946 cost aid to \$1,145,912 or \$13.52 per ton, leaving an operating loss of \$108,480. A comparative analysis of operating costs for 1963 and 1964 follows:

	<u>1964</u>	<u>1963</u>	<u>Per Ton</u> <u>Ore Treated</u>		<u>Per Ounce</u> <u>Gold Recovered</u>	
			<u>1964</u>	<u>1963</u>	<u>1964</u>	<u>1963</u>
Development	\$ 148,203	\$ 271,099	\$ 1.75	\$ 2.70	\$ 5.40	\$ 7.75
Mining	722,578	727,923	8.53	7.24	26.33	20.81
Milling	199,341	216,552	2.35	2.15	7.26	6.19
General mine expense	296,846	264,623	3.50	2.63	10.82	7.56
Administration expense	58,890	48,013	.69	.48	2.15	1.37
TOTALS	<u>\$1,425,858</u>	<u>\$1,528,210</u>	<u>\$ 16.82</u>	<u>\$ 15.20</u>	<u>\$ 51.96</u>	<u>\$ 43.68</u>

ORE RESERVES

Ore reserves at year-end totalled 333,300 tons with a grade of 0.329 ounces of gold per ton. Completion of the lateral development on the Nos. 5 and 9 veins, No. 4 shaft area, added appreciably to reserves during the year. Grade of this is lower than previously indicated due to an increased allowance being made for dilution during stoping operations.

	<u>January 1, 1965</u>		<u>January 1, 1964</u>	
	<u>Tons</u>	<u>Gold at</u> <u>\$35 per oz.</u>	<u>Tons</u>	<u>Gold at</u> <u>\$35 per oz.</u>
Broken ore	10,650	\$ 11.86	31,770	\$ 9.80
Developed ore	312,900	11.34	290,550	13.72
Probable ore	9,750	16.62	3,000	11.20
TOTALS	<u>333,300</u>	<u>\$ 11.51</u>	<u>325,320</u>	<u>\$ 13.02</u>

MINING

Due to the acute manpower shortage mining was temporarily halted at No. 3 shaft and all work concentrated in the Nos. 1 and 4 shaft areas.

Stoping production amounted to 71,911 tons or 84.8% of the total tonnage mined. The remaining 12,785 tons or 15.2% was obtained from development.

DEVELOPMENT AND EXPLORATION

UNDERGROUND

During the year, the heavy development programme of the previous year was continued in the No. 4 shaft area. Ore passes were driven and a loading pocket was constructed below the 3800 level. Raises were driven on both the No. 9 and No. 5 veins to facilitate ventilation and accord access to the stopes. A total of 1,470' of ore was developed during 1964.

DIAMOND DRILLING

Diamond drilling on underground development in the various veins totalled 16,534'. In addition 1,703' were drilled on surface exploration. Overall total for 1964 was 18,237' compared to 31,208' for 1963.

Deep drilling in the No. 4 shaft area has indicated the downward extension of the Nos. 5 and 9 veins below the 3800 level. Results are tabulated below.

	<u>Hole No.</u>	<u>Value</u>	<u>True Width</u>	<u>Vertical Depth</u>
No. 5 Vein	32	2.40 oz.	1.5'	4,070'
	33	1.82 oz.	2.0'	4,278'
	34	0.23 oz.	0.9'	4,465'
No. 9 Vein	41	4.49 oz.	1.5'	3,961'
		0.45 oz.	1.0'	3,971'
	42	1.84 oz.	2.5'	4,092'
	43	0.20 oz.	1.6'	4,212'

CONSTRUCTION AND PLANT

During the year, the hoistroom and rope raise excavations for No. 4 shaft were completed and the hoist and cage over skip units installed and put into service in August.

The ore pass system was completed and the loading pocket installed and put in service in late December.

On surface, two bunkhouses and fourteen townsite houses were renovated.

Extensive repairs to overhaul the mill and crusher equipment were carried out throughout the year.

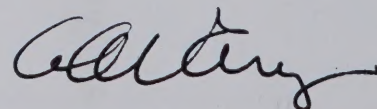
GENERAL

The manpower shortage continued throughout the year. The lack of skilled miners and the lower quality of labour generally had a very serious effect on the mine's performance.

The average number of employees for the year was 190, of whom 101 were underground.

On behalf of Mr. J. B. C. Lang, mine manager during the period under review, I wish to express appreciation to the directors for their guidance, and to the mine department heads, their staffs and crews for their loyal co-operation.

Respectfully submitted,



Mine Manager

May 26, 1965

